**MINUTES**
**of the**
**FIFTH MEETING**
**of the**
**TRANSPORTATION INFRASTRUCTURE REVENUE SUBCOMMITTEE**

**November 3-4, 2015**
**State Capitol, Room 307**
**Santa Fe**

The fifth meeting of the Transportation Infrastructure Revenue Subcommittee was called to order by Senator John Arthur Smith, chair, on November 3, 2015 at 9:43 a.m. in Room 307 at the State Capitol.

| **Present** | **Absent** |
|---|---|
| Sen. John Arthur Smith, Chair | |
| Rep. Rick Little, Vice Chair | |
| Rep. Cathrynn N. Brown | |
| Sen. Lee S. Cotter | |
| Rep. Roberto "Bobby" J. Gonzales | |
| Sen. Ron Griggs | |
| Rep. Patricio Ruiloba | |
| Sen. Clemente Sanchez | |
| | |
| **Advisory Members** | |
| Sen. Carlos R. Cisneros | Sen. Jacob R. Candelaria |
| Rep. Sharon Clahchischilliage | Rep. David M. Gallegos |
| Rep. Bealquin Bill Gomez | Rep. D. Wonda Johnson |
| Rep. Patricia A. Lundstrom | Rep. Paul A. Pacheco |
| Rep. Rod Montoya | Sen. William H. Payne |
| Rep. Jane E. Powdrell-Culbert | Sen. William E. Sharer |

**Staff**
Mark Edwards, Legislative Council Service (LCS)
Nancy Martinez, Intern, LCS
Renée Gregorio, LCS

**Minutes Approval**
Because the subcommittee will not meet again this year, the minutes for this meeting have not been officially approved by the subcommittee.

**Guests**
The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Tuesday, November 3**

**Georgia Methodology for Transportation Funding**

Jeff Eaton, fiscal analyst for the LCS, presented a summary of transportation legislation adopted by Georgia this past spring. He said that many states have been struggling to keep up with their transportation needs with available funding. Georgia is one of seven states that has passed legislation in 2015 to increase gas taxes, Mr. Eaton said, through its passage of House Bill 170. In explaining Georgia's new law, Mr. Eaton said that it became effective on July 1, 2015, and it replaces a 4% gas sales tax with an initial 26 cents per gallon (cpg) excise tax, which is an effective increase of $.06 per gallon. He said that this new rate is projected to increase revenue by $360 million. He added that the new excise tax is indexed to fuel efficiency and the Consumer Price Index (CPI).

Mr. Eaton then described how Georgia's new excise tax will be determined and adjusted. As a preliminary measure, 2014 will be used as a base year to determine the average miles per gallon (AVMG) of all new vehicles registered in the state. Starting in 2016, Georgia's gas tax will vary each year based on a two-step formula. First, the percentage of positive or negative change in the AVMG for the previous year is calculated (for 2016 this will be the AVMG for new vehicles registered in the year 2015 compared to those registered in 2014). The initial 26 cpg will then be multiplied by that percentage and the resulting increase or decrease will then be added to it, establishing a "preliminary gas tax rate". Second, the preliminary gas tax rate is then multiplied by the positive or negative change in the CPI to determine the new gas tax rate for the year. Georgia's gas tax rate formula will not include the CPI index after 2018. Mr. Eaton explained that the variable formula is designed to allow the revenue stream to grow alongside the costs of road maintenance and construction.

Mr. Eaton also provided the subcommittee with information on New Mexico's motor vehicle-related revenues. His handout included a map with figures from the American Petroleum Institute showing tax rates across the U.S. that indicate that New Mexico's gas tax rate ranks as the forty-third lowest rate in the country at 18.88 cpg. This figure combines a 17 cpg gas tax and a 1.875 cent petroleum loading fee that is dedicated to the remediation of sites contaminated by leaking underground storage tanks and is rounded up to the next highest one one-hundredth of a cent.

Mr. Eaton also gave subcommittee members a table showing general fund revenue estimates, emphasizing the motor vehicle excise tax line. He indicated that the final update to this estimate will be given in December or January. He remarked on the steady growth of this revenue, stating that since fiscal year (FY) 2011, the motor vehicle excise revenues have recovered from recession levels.

Directing subcommittee members to the Legislative Finance Committee's (LFC's) "Finance Fact" sheet on highway funding, Mr. Eaton emphasized that New Mexico's gas tax rate is 17 cpg and that the state's ability to generate revenue from that tax has been deteriorating due to fewer miles traveled per driver and increased fuel efficiency. He remarked that what is not accounted for in the LFC handout is inflation, and if the gas tax rate were indexed, the effective tax rate per gallon today would be much higher.

The following topics and ideas were raised in the ensuing discussion by the subcommittee:

- whether adjusting gas tax rates to increasing fuel efficiency would benefit some consumers over others;
- the relative merits of having a set per gallon gas tax rate compared to a rate that varies with the price of gas;
- that a $.01 increase in the gas tax generates approximately $9 million in revenues when applied to gasoline and $5 million when applied to diesel fuel;
- disputes from local governments that do not feel they are getting proper credit for local fuel sales;
- a request for a copy of the breakdown showing the distribution of State Road Fund (SRF) user revenues, which the Department of Transportation (DOT) provided later in the day;
- the imposition of fuel taxes by Native American tribes and the uses of the Tribal Infrastructure Project Fund; and
- options for road funding, including increasing the excise tax, eliminating the gas tax and replacing it with a higher gross receipts tax and the potential of moving funding from other areas, and some of the challenges facing each option.

**City of Deming**

As an introduction to the next presentation, a member of the subcommittee spoke of the terrible condition of many residential streets in Deming on which sustained remediation is needed. Benny Jasso, mayor, Jim Massengill, public works director, and Aaron Sera, administrator, all from the City of Deming, spoke to the subcommittee about the funding issues Deming faces.

Mayor Jasso talked about the lack of funds available for general maintenance and construction of roads, highlighting safety concerns intensified by both the construction of new schools and the expansion of the port of entry. The port-of-entry expansion, although necessary, will affect traffic flow, redirecting it onto streets that need work. He mentioned that gas tax revenues have dropped by 50%. The current budget allows for about $3 million for street improvements, $350,000 of that from taxes and approximately $1 million from grants. He emphasized that a sustainable funding mechanism is sorely needed, and he said that Deming supports Senate Bill (SB) 394, introduced in the 2015 regular session. Mr. Sera added that the city works closely with the DOT and that funding is given to the district to determine where work needs to be done. Five years ago, the Local Government Road Fund allowed Deming to apply for hundreds of thousands of dollars, but now, the city can only apply for and receive $45,000 and has to provide matching funds, he said.

In response to a question on why gasoline tax revenues have decreased, Mr. Sera said that Deming was told by the Taxation and Revenue Department (TRD) that it showed a loss in population and an increase in fuel-efficient vehicles such as the Toyota Prius. He said that this has not been resolved with the TRD, but the city does not believe it is losing population, and only one person owns a Prius in Deming. Answering another question related to Deming's use of its general fund to close the gap on road needs, he said that the general fund subsidizes road funding at $1.5 million per year, or 22% of the general fund budget. The majority of funding from the general fund goes into public safety needs. Discussion then ensued about the subcommittee's responsibility to the state to sort out how to fund road needs. Legislation similar to SB 394 from the 2015 session was raised as a possibility (SB 394 would have increased both the gas tax and the special fuels tax, indexed these taxes to inflation and split gas tax revenues between the SRF and a new distribution to counties and cities for road maintenance). A request was made for the New Mexico Municipal League (NMML) to discern how much of local governments' general funds are subsidizing road projects throughout the state's cities and counties. Another major concern discussed was changes in local disbursements from the TRD.

**Hidalgo County: Federal Requirements and Effects of Border Patrol on County Roads**

Darr Shannon, chair of the Hidalgo County Commission, introduced Bob Hill, county manager for Hidalgo County, and Tyler Massey, county treasurer for Hidalgo County. Ms. Shannon said that Hidalgo County is one of the last frontier communities in the state, and although it is very small, it has always known how to do a lot with a little. She added that the agricultural industry is the county's main tax base, and that the federal border patrol has more than 200 agents working in Hidalgo County, but 90% of them do not live there. The border patrol traffic is immense, she said, adding that its base, Camp Garza, is built in a flood zone and is served by a very bad road. The federal government will not help with road maintenance, and the county cannot keep up.

Mr. Hill gave details about Hidalgo County and its roads. The current population is about 4,700. The county has 464 total miles of road; 419 of which are dirt, and 45 chip-sealed. He said that the effect of the border patrol is highest on Horse Camp Drive and another 80 miles of roads that are heavily used. He added that although there is no direct mandate that obligates Hidalgo County to maintain roads for the border patrol, the county feels that responsibility. The county's road challenges are increased by the fact that dirt and chip-sealed roads require more frequent maintenance.

Mr. Massey spoke of the financial impacts of road maintenance and highlighted the budget for the last four years. He said that the county's road fund has only three sources of revenue: (1) the combined fuel tax; (2) motor vehicle fees; and (3) a forest reserve distribution. He said that the county is struggling to keep up now because its road department is not bringing in any revenue. He added that the county is heading in the direction of having to dedicate general fund money to road maintenance.

In response to questions from subcommittee members, the following points were discussed:

- what federal payments in lieu of taxes (PILT) funds help to cover, and Hidalgo County's reliance on PILT funds;
- cutbacks in Hidalgo County's budget due to the shutdown of smelter operations and displacement of families out of the community of Playas;
- repeated attempts to secure federal government support for blades and other road maintenance equipment for roads in Hidalgo County;
- the state and use of roads near the Antelope Wells border crossing;
- the DOT's annual auction and hardship sale of road equipment, for which local governments and counties have first pick;
- the percentage of acreage in Hidalgo County that is federal (over 50%), resulting in PILT funding being 25% of its general fund budget;
- a one-page explanation of PILT funding and awards on the TRD's website; and
- the need for maintaining the law enforcement communications system in Hidalgo County given how distant it is from major population centers.

**Building a Natural Gas Vehicle Customer Market in New Mexico**

Sherrie Merrow, chair of the State Government Advocacy Committee for NGVAmerica, introduced colleagues Colin Messer, owner of Energy Technology, and Blake Littauer, regional sales manager for Clean Energy Fuels Corporation. Ms. Merrow said that NGVAmerica is a national trade organization that is developing a market for vehicles powered by natural gas. She highlighted the large number of corporate stakeholders that are part of NGVAmerica and talked about natural gas as compared to other fuels. She said that natural gas is abundant domestically and has environmental and economic benefits. She also highlighted prices of natural gas as compared to oil, stating that natural gas prices will not rise, but oil prices likely will. In terms of how many natural gas vehicles (NGVs) are on the roads today, Ms. Merrow stated that nationally about one in every three or four transit buses are operated with natural gas and that one in every two trash trucks being ordered today is an NGV. She added that there are more than 1,950 natural gas stations, with an average growth of 10 to 15 new stations each month. New Mexico has 16 natural gas stations, Albuquerque has 83 new compressed natural gas (CNG) buses and Santa Fe Trails uses CNG buses as well. She said that many car and truck manufacturers are making both liquified natural gas (LNG) and CNG models.

Ms. Merrow next spoke about federal policy as related to NGVs; in particular, issues related to the LNG diesel tax penalty, an inland waterway fuel tax for LNG, reducing the incremental federal excise tax on heavy duty vehicles and a weight waiver for heavy duty trucks on federal roads because LNG and CNG tanks are heavier. She added that this fuel needs to be promoted at the national level and that work needs to be done to convert fleets nationwide. She then referred to a map in the handout that shows recently enacted policies for NGVs, with all but 12 states involved in policy shifts and promotion. She added that the federal government has not instituted a vehicle incentive for NGVs and that to promote these vehicles, there will need to be vehicle purchase grants and tax incentives as well as tax exemptions.

She reiterated that NGVAmerica promotes the growth of LNG- or CNG-powered vehicles by influencing legislation, regulation and administrative policies at the state level. She then reviewed proposed and passed legislation for 2014 and 2015 related to incentives, fleet purchase provisions, excise and other taxes and weight limits. She spoke of best practices in several states that have fixed tax and weight issues related to NGVs and that have instituted incentives; there are 25 states with such policies in place, and NGVAmerica plans to continue to assist New Mexico in developing policy.

Ms. Merrow remarked that the states having the most success in growing an NGV market are using multiple approaches and incentives at the same time. Among the most successful states are Texas, Florida and Colorado. In Texas, a $52.9 million investment produced an additional $79.1 million in gross state product and 927 new jobs. Also in Texas, 7,800 vehicles have either been purchased or converted. She mentioned that each state gets a certain amount of emissions-based funding from the federal government and that many states are tapping into this funding for alternative fuel vehicles. She said that Florida took away its excise tax and put vehicle grants in place and that a state investment of $4.7 million resulted in $91.5 million in construction spending. Colorado, she added, began with providing tax credits, reducing its excise tax and giving a partial weight exemption, among other changes, and it doubled its CNG sales growth. Colorado also matched state funds with its congestion mitigation and air quality (CMAQ) improvement funding for NGV growth.

What is needed to produce growth in New Mexico's NGV market, Ms. Merrow said, is to:

1) review what the state's corridors are for LNG stations to connect with other states;
2) promote the value of natural gas as a transportation fuel;
3) investigate CMAQ funding possibilities; and
4) determine what is possible for vehicle incentives such as grants, tax credits, loans or tax exemptions.

Ms. Merrow ended by urging the subcommittee to propose a memorial on NGVs to investigate the possibilities for the state to provide tax credits or deductions for the purchase or conversion to NGVs.

The subcommittee members engaged in questions with Ms. Merrow, and several points were discussed, including:

- the weight of alternative fuel vehicles, the expense of wrapping CNG tanks and efforts to improve technology to make NGV vehicles lighter and more efficient;
- the improved engine materials, systems and computer controls leading to better performance of NGVs as compared to 10 years ago;
- how the U.S. is behind the rest of the world in the use of NGVs;
- the renewable nature of natural gas;
- the nature of the tax credits, cost and grant program in Colorado;
- the existence of currently moth-balled natural gas stations in New Mexico that are ready to be "turned back on" if the number of NGVs on the road increases;
- the cost of natural gas fueling stations;
- looking at New Mexico's infrastructure for stations and how Colorado built its stations, which involved a lot of local hiring; and
- looking at converting state and city fleets to natural gas as a starting point.

Representative Gonzales made a motion to support a study of how to increase NGV use in New Mexico, which was seconded by Senator Smith and voted on unanimously by the subcommittee. It was noted that a subcommittee member would be working on a joint memorial regarding NGVs for the upcoming session.

**Implementing a Local Government Fuel Tax Option: Challenges and Possibilities**

Regina Romero, director of governmental relations, NMML, and James O'Neill, consultant to the NMML, discussed problems that are occurring at the local level and options available to move money to local governments for roads, streets and bridges. Ms. Romero stressed the need for transportation systems in every municipality that are both safe and efficient. She added that increasing revenues from fuel taxes to cover existing transportation needs is the NMML's priority. She stated that local governments are capable of administering such taxes if the legislature authorizes their implementation.

Mr. O'Neill spoke of the difficulties involved in tying potential retail stations in municipalities back into the state tax system, but he said that this could be done despite such difficulty. He also addressed problems with the current County and Municipal Gasoline Tax Act. He said the act is outdated, contains no administrative or refund provisions and is not covered by the Tax Administration Act, which would make creating an adopting ordinance for local governments very complex. Mr. O'Neill advised throwing out the existing tax provisions, which he said are not workable, and creating a new tax to take its place. He added that one consideration would be to tax all motor vehicle fuels rather than only gas.

Demesia Padilla, secretary of taxation and revenue, alongside Frank V. Crociata, tax policy director, TRD, and Efrain Ibarra, economist, TRD, presented the subcommittee with detailed information on the County and Municipal Gasoline Tax Act. Secretary Padilla agreed with Mr. O'Neill's assessment that this tax provision is not workable any longer.

Mr. Ibarra spoke of the class A and H counties covered in the act that may impose this tax, which include San Juan, Santa Fe, Dona Ana, Bernalillo, Sandoval and Los Alamos counties and municipalities within those counties. He said that the Department of Finance and Administration determines the class of a county every two years based on census figures. He then reviewed the taxes authorized in the act, stating that these taxes are not true local option taxes but are separate programs. He described how taxation happens at the retail level, which is often difficult to manage.

Mr. Crociata expressed significant agreement with Mr. O'Neill, saying that retail collection of fuel taxes is disfavored for many reasons, including the auditing that is necessary and the fact that there is no way to appeal any action taken by the taxing jurisdiction in current statute.

Subcommittee members engaged in questioning the panel, and the following points were addressed:

- the origin of the act in 1978, which was related to emissions-control problems in Albuquerque, for which the gas tax was proposed;
- discussion surrounding the complexity of reporting for the gas tax;
- a suggestion that the TRD work with the NMML, the New Mexico Association of Counties and industry representatives to develop a workable local option; and
- the need for sustainable funding for roads.

**Sandoval County: Road and Transportation Challenges of an Urban/Rural County**

James Dominguez, vice chair, Sandoval County Commission, Tommy Mora, Jr., director of public works for Sandoval County, and Jason P. Clark, road manager for Sandoval County, gave the subcommittee an overview of road improvement needs in the county. Mr. Dominguez emphasized the needs on County Road 11 and its bridges, the Paseo del Volcan (PDV) expansion project, for which 23 miles are remaining to be built, and the Rainbow Boulevard project that will help with the transportation of students. The bridges are all unsafe, but are required for, and are being used by, fire trucks and ambulances, Mr. Clark added. Included in additional road needs is maintenance of rural roads, many of which are dirt. Mr. Dominguez said that two road crews maintain all roads in the county, which amount to 20 men taking care of 1,500 miles of roads.

A subcommittee member expressed grave concern for the state of roads across New Mexico and some bafflement at why the state cannot seem to address this problem satisfactorily with a gas tax or local option tax. In response to several questions by subcommittee members, the following points were addressed:

- the cost of the right of way for Sandoval County in relation to the PDV project;
- Sandoval County's gross receipts tax that pays for the Rail Runner;
- the inspection of state bridges annually by the DOT;
- endorsement by the congressional delegation for repair of the bridges; and
- the significance of endorsements for obtaining future federal grants.

The subcommittee recessed at 4:38 p.m.

**Wednesday, November 4**

Representative Little reconvened the meeting at 9:38 a.m.

**Feasibility of Selling the Rail Runner; House Memorial 127 (2015) Report**

In response to House Memorial 127 from the 2015 regular session, the DOT conducted a study of the operational and maintenance costs of the Rail Runner alongside the benefits and feasibility of selling the state's assets. Loren Hatch, deputy secretary of business support, DOT, and Frank Sharpless, director of the Transit and Rail Division, DOT, began by thanking the Rio Metro Regional Transit District (Rio Metro) for the data it supplied for the study.

Mr. Hatch first outlined the infrastructure and assets of the Rail Runner, referring the subcommittee to the map in the handout, which shows the DOT-owned rail alignment. He added that the DOT owns rolling stock of 22 passenger cars, nine locomotives and 14 stations. He described the Albuquerque subdivision of the Rail Runner line as approximately 100 miles long and extending from Belen to Lamy, which the DOT bought from the BNSF Railway and which is used by BNSF, the Amtrak's Southwest Chief and the Rail Runner. He described the Eldorado subdivision as being about 13 miles long, which was purchased from Santa Fe Southern Railway. Santa Fe Southern Railway still maintains the tracks and has some trackage rights, but it is not currently operating passenger or freight service.

In describing the relationship between the DOT and Rio Metro, Mr. Hatch explained that the DOT does not operate the Rail Runner directly but provides for its operation and maintenance through an agreement with Rio Metro. Rio Metro funds the continuing operations of the Rail Runner, as opposed to state or local governments. He referred to the handout for details of the costs for maintenance, which amounts to about $27 million, including insurance. He also indicated that Rio Metro's revenue sources come from a percentage of the gross receipts tax in various counties, federal grants, fare revenues and payment of usage fees from BNSF and Amtrak. Mr. Hatch explained that the DOT's main expenditures for the Rail Runner are in payment of the debt service for the Rail Runner infrastructure and property, which totals $693 million. He added that the DOT is looking for opportunities to lessen the burden by refinancing and restructuring this debt. The SRF is the primary source to pay this debt service, which takes away from doing other construction and maintenance projects throughout the state. "Cliff payments" are another major concern. Over the next nine years, the DOT projects that it will need to make annual debt payments that will slowly grow from over $26 million to nearly $30 million. However, in FY 2025 and FY 2026, the DOT will be required to make cliff payments of approximately $110 million in each year. He added that there are no federal funds available to pay this debt.

Turning to the feasibility of selling the Rail Runner assets now owned by the state, Mr. Hatch noted that the DOT has a number of contractual agreements with various railroad companies, Rio Metro, the federal government and tribal governments that would need to be addressed. He indicated that the terms and conditions of these agreements limit the ease with which a third party could purchase the Rail Runner assets, unless these agreements could be assigned to a purchaser or terminated as part of the sale. Mr. Hatch highlighted some examples of these limitations, including:

- BNSF Railway has an exclusive freight railroad easement on the portion that the DOT owns between Belen and Lamy, and its approval would be required for any other railroad to operate there;
- Amtrak's joint use agreement allows it to operate the Southwest Chief on Rail Runner tracks, and this agreement is not assignable without Amtrak's approval;
- there are significant insurance requirements in these agreements, which are perpetual, and all terms would have to be assigned or renegotiated in the case of a sale;
- the DOT's obligation to BNSF Railway includes maintaining the Rail Runner tracks to class 4 (passenger service) safety standards;
- the DOT has a significant debt service agreement of $693 million for the Rail Runner. It has paid about $218 million to date, with $475 million remaining. This obligation exists whether the Rail Runner is operating or not; and
- various agreements with local, tribal and federal governments for rights of way related to the presence of tracks on a major interstate highway would have to be reviewed.

Mr. Hatch then summarized the analysis provided in the DOT handout regarding the cost of replicating the Rail Runner service using buses. He said that the service would require 50 buses and an annual operating budget of $15 million.

In conclusion, Mr. Hatch said that the study indicates that it is unlikely that any party would be willing to pay enough to take care of the DOT's debt service so that it could purchase the railroad. Purchasers would also be restricted in their use of the railroad due to all existing agreements. It would be very difficult for a third party to operate the Rail Runner service in any profitable manner.

Subcommittee members engaged with the DOT presenters, and the following questions and points were raised:

- the amount of revenue that comes in annually to cover operations of the Rail Runner, which is about $24 million;

- the cost for insurance, which is $2.5 million, and the rate of insurance as related to losses;
- the possibility of increasing speeds on the Rail Runner between Albuquerque and Santa Fe and the cost of the upgrades needed to make that happen;
- the federal government funding available to the state for the Rail Runner;
- the possibility of renegotiating debt service and existing agreements to make the sale of the Rail Runner more likely;
- that Rio Metro currently has the funding to sustain the service as it is now but not to increase it;
- how the state can prepare for the cliff payments and the manner in which the DOT sets aside its debt service payments for the Rail Runner;
- the financial benefits for the Rail Runner when there are big events in the state, such as the Balloon Fiesta; and
- efforts being made to increase ridership on the Rail Runner, such as tying into the snow skiing market.

**New Mexico DOT System Status Update**

Ernest Archuleta, director of the Operations Division, DOT, and Elias Archuleta, chief engineer, DOT, updated the subcommittee on the state of the DOT's operations. Ernest Archuleta delineated the six districts and gave the district managers' names and responsibilities in each district. He said that staffing levels and lane miles have increased, while the DOT's budget has remained flat. Among the issues that the DOT faces are: high turnover due to low salaries; recruitment of only 10% to 15% of engineering students who graduate from New Mexico colleges; the deterioration created on roads due to heavy truck traffic; and the need to stay ahead of growth, especially in metropolitan areas.

Mr. Archuleta then referred the subcommittee to the pavement conditions rating within the DOT handout. He said that the percentage of roads reported as in "good condition" had dropped from 80% for FY 2015 to 70% for FY 2016 because the DOT combined reporting categories for New Mexico routes with other routes. He then reviewed a table outlining how to manage the roadway system over the next 35 years with a pavement preservation system. As part of its chip-seal program, the DOT accomplished improvements to 1,162 lane miles this year, he said. In reviewing accomplishments, Ernest Archuleta highlighted high-dollar items, citing differences between FY 2014 and FY 2015; expenditure differences between the two years amounted to approximately $12 million. The DOT will likely exceed $20 million in its snow- and ice-removal budget this year. He said that the asset value of the DOT's fleet is at $247 million and that the department needs $21 million annually for fleet management. He then reviewed the gap between what is budgeted and what is needed for maintenance, which amounts to over $107 million; the gap between the budget and the need for construction is $362 million.

Elias Archuleta reviewed the responsibilities of the Office of Infrastructure Divisions at the DOT, whose 279 employees provide engineering and design technical support. The Office of Infrastructure Divisions is the largest engineering firm in the state, he added. Its main responsibility is to manage projects for the statewide transportation improvement plan, which is a federally funded program for which projects are prioritized by the DOT based on safety, roadway conditions, economic development and congestion mitigation. Projects selected will balance available funding between statewide need and district priorities.

Elias Archuleta reviewed the six maintenance districts, managers and responsibilities. He said that 60% of the work is handled internally, with 40% going to outside consultants. One concern he spoke of is the loss of institutional knowledge. The DOT has an ongoing loss of experienced staff because salaries are about 20% below market for engineers. Finally, he reviewed FY 2015 project performance, which was calculated at 69% being "on time"; 77 projects were delivered for FY 2015.

Subcommittee members asked several questions, and the following issues were discussed:

- the start and end of the construction season, which differs per district depending on local weather patterns;
- a request for a presentation from the University of New Mexico's Bureau of Business and Economic Research related to generating jobs;
- engaging civic groups and schools in combating the heavy trash dumping problem in the state, including reviewing the fines and generating new ideas; and
- the increase in lane miles, which mainly comes from expansion of New Mexico highways 550 and 285.

**Approval of Minutes**

On a motion by Representative Gonzales to approve the October minutes, seconded by Representative Brown, the subcommittee adopted the minutes without objection.

**Proposed Legislation**

A subcommittee member said that because there does not seem to be a strong initiative to change the way the state is doing business, there is no legislation being brought forth by the subcommittee that is related to enhanced revenues. Mr. Edwards then explained the two bills before the subcommittee. Mr. Edwards said that the first bill, discussion draft .202319, was introduced in the house last session and that many states have something like this in law. The bill basically extends the cautionary requirement on drivers to include towing and repair vehicles in addition to emergency vehicles. There is not an appropriation tied to this bill, he added. Representative Gonzales remarked that he introduced this bill last year and that it is largely addressing a safety issue. In the ensuing discussion, Mr. Edwards clarified that the bill would strengthen a citation for reckless driving where a car is receiving roadside repair or preparing to be towed. It would also allow the DOT to place appropriate signage to emphasize driver caution where roadside repairs are happening.

Senator Smith asked the subcommittee if there were any objections to recommending this bill to the Revenue Stabilization and Tax Policy Committee (RSTP), and there were none.

Mr. Edwards continued with an explanation of the second piece of legislation, discussion draft .202268.1, a proposed constitutional amendment that would dedicate the use of revenues raised from any new motor vehicle fuel tax or fees to transportation infrastructure costs. A subcommittee member asked whether the dedication of these funds could be accomplished through statute. Mr. Edwards responded that if it were in statute, it would not bind future legislatures. A subcommittee member added that the state has a track record of diverting funds and that this amendment would guarantee that this money will go to roads. Another subcommittee member mentioned that if it were a constitutional amendment, voters who are eager to weigh in on this issue would be able to do just that. Senator Smith again asked subcommittee members if there were any objections to recommending this bill to the RSTP, and there were none.

**Adjournment**

There being no further business, the subcommittee adjourned at 12:18 p.m.